



**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF EMPIRE
JEFFERSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Empire
Jefferson County
151 Nessley Street
P.O. Box 307
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To the Village Council:

We have audited the accompanying financial statements of the Village of Empire, Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Empire as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 12, 2000

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**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$10,764	\$11,051	\$21,815
Intergovernmental Receipts	16,262	40,316	56,578
Charges for Services	2,013		2,013
Fines, Licenses, and Permits	1,768		1,768
Miscellaneous	2,766	109	2,875
	33,573	51,476	85,049
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	7,964	10,194	18,158
Public Health Services	335		335
Leisure Time Activities	1,975		1,975
Transportation		10,343	10,343
General Government	10,324		10,324
Debt Service:			
Principal Payments	6,313	31,886	38,199
Interest Payments	2,677	860	3,537
	29,588	53,283	82,871
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	3,985	(1,807)	2,178
Other Financing Receipts/(Disbursements):			
Sale of Bonds or Notes		3,000	3,000
Advances-In	2,000	2,000	4,000
Transfers-Out	(1,994)		(1,994)
Advances-Out	(2,000)	(2,000)	(4,000)
	(1,994)	3,000	1,006
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	1,991	1,193	3,184
Fund Cash Balances January 1	8,916	13,747	22,663
Fund Cash Balances, December 31	\$10,907	\$14,940	\$25,847

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$39,779	\$2,000	\$41,779
Miscellaneous		149	149
Total Operating Cash Receipts	<u>39,779</u>	<u>2,149</u>	<u>41,928</u>
Operating Cash Disbursements:			
Personal Services	12,770		12,770
Contractual Services	8,806		8,806
Supplies and Materials	5,538		5,538
Total Operating Cash Disbursements	<u>27,114</u>		<u>27,114</u>
Operating Income	<u>12,665</u>	<u>2,149</u>	<u>14,814</u>
Non-Operating Cash Disbursements:			
Debt Service	14,662		14,662
Other Non-Operating Cash Disbursements		2,149	2,149
Total Non-Operating Cash Disbursements	<u>14,662</u>	<u>2,149</u>	<u>16,811</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(1,997)		(1,997)
Transfers-In	<u>1,994</u>		<u>1,994</u>
Net Receipts Over/(Under) Disbursements	(3)		(3)
Fund Cash Balances, January 1	<u>4,786</u>		<u>4,786</u>
Fund Cash Balances, December 31	<u>\$4,783</u>		<u>\$4,783</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$10,008	\$9,678	\$19,686
Intergovernmental Receipts	18,486	28,783	47,269
Fines, Licenses, and Permits	12,545		12,545
Miscellaneous	8,450	1,106	9,556
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	49,489	39,567	89,056
Cash Disbursements:			
Current:			
Security of Persons and Property	8,916	18,390	27,306
Public Health Services	112		112
Leisure Time Activities	4,848	40,000	44,848
Basic Utility Services	589		589
Transportation		8,677	8,677
General Government	14,770		14,770
Debt Service:			
Principal Payments	5,015	684	5,699
Interest Payments	5,458	1,716	7,174
	<hr/>	<hr/>	<hr/>
Total Disbursements	39,708	69,467	109,175
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	9,781	(29,900)	(20,119)
Other Financing Receipts/(Disbursements):			
Sale of Bonds or Notes		30,000	30,000
Transfers-In		10	10
Transfers-Out	(10)		(10)
Total Other Financing Receipts/(Disbursements)	<hr/>	<hr/>	<hr/>
	(10)	30,010	30,000
Excess of Cash Receipts and Other Financing Resources Over Cash Disbursements and Other Financing Disbursements	9,771	110	9,881
Fund Cash Balances January 1	<hr/>	<hr/>	<hr/>
	(855)	13,637	12,782
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$8,916	\$13,747	\$22,663

The notes to the financial statements are an integral part of this statement.

VILLAGE OF EMPIRE
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$39,016	\$15,165	\$54,181
Miscellaneous		346	346
Total Operating Cash Receipts	<u>39,016</u>	<u>15,511</u>	<u>54,527</u>
Operating Cash Disbursements:			
Personal Services	12,750		12,750
Contractual Services	10,847		10,847
Supplies and Materials	2,170		2,170
Total Operating Cash Disbursements	<u>25,767</u>		<u>25,767</u>
Operating Income	<u>13,249</u>	<u>15,511</u>	<u>28,760</u>
Non-Operating Cash Disbursements:			
Debt Service	14,662		14,662
Other Non-Operating Cash Disbursements		15,511	15,511
Total Non-Operating Cash Disbursements	<u>14,662</u>	<u>15,511</u>	<u>30,173</u>
Net Receipts Over/(Under) Disbursements	(1,413)		(1,413)
Fund Cash Balances, January 1	<u>6,199</u>		<u>6,199</u>
Fund Cash Balances, December 31	<u><u>\$4,786</u></u>		<u><u>\$4,786</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Empire, Jefferson County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including sewer utilities, park operations (leisure time activities), and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Natureworks Grant Fund - This fund accounts for the state Natureworks grant received by the Village for the construction of a park and park facilities.

Fire Fund - The fund receives tax money from a fire levy. Funds are spent on behalf of the fire department.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Mayor's Court Fund - This fund is used to account for all Mayor's Court activity.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end. The Village did not establish appropriations for 1999 or 1998.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources. The Village did not file certificates of estimated resources for 1999 or 1998.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 30,630	\$ 27,449
Total deposits	30,630	27,449

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 0	\$ 33,573	\$ 33,573
Special Revenue	0	54,476	54,476
Enterprise	0	41,773	41,773
Total	\$ 0	\$ 129,822	\$ 129,822

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 31,582	\$ (31,582)
Special Revenue	0	53,283	(53,283)
Enterprise	0	41,776	(41,776)
Total	\$ 0	\$ 126,641	\$ (126,641)

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 0	\$ 49,489	\$ 49,489
Special Revenue	0	69,577	69,577
Enterprise	0	39,016	39,016
Total	\$ 0	\$ 158,082	\$ 158,082

**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 39,718	\$ (39,718)
Special Revenue	0	69,467	(69,467)
Enterprise	0	40,429	(40,429)
Total	\$ 0	\$ 149,614	\$ (149,614)

Contrary to Ohio Revised Code § 5705.38, the Village did not pass an appropriations measure for 1998 or 1999. As a result of this, the Village was in violation of Ohio Revised Code § 5705.41 (B) for expenditures exceeding appropriations. In addition, certificates of estimated resources were not filed for 1998 or 1999. This is in violation of Ohio Revised Code § 5705.36.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 81,244	10.98%
Building Loan	54,258	6.50%
Cruiser Loan	2,119	5.00%
Tractor Loan	2,155	7.00%
Total	\$ 139,776	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved \$122,572 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$7,331, including interest, over 25 years.

**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The remaining three loans relate to funds used to purchase and construct various items for the Village. The Village constructed a building to house the fire department; the Village also purchased a police cruiser and a tractor for Village use.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loan	Building Loan	Cruiser Loan	Tractor Loan
2000	\$ 14,662	\$ 9,772	\$ 2,060	\$ 1,621
2001	14,662	9,772	343	676
2002	14,662	9,772	0	0
2003	14,662	9,772	0	0
2004	14,662	9,772	0	0
Subsequent	<u>58,646</u>	<u>18,155</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 131,956</u>	<u>\$ 67,015</u>	<u>\$ 2,403</u>	<u>\$ 2,297</u>

6. RETIREMENT SYSTEMS

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Empire
Jefferson County
151 Nessley Street
P.O. Box 307
Empire, Ohio 43926

To the Village Council:

We have audited the accompanying financial statements of the Village of Empire, Jefferson County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated October 12, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 1999-31241-001 through 1999-31241-008. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgement, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-31234-009. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated October 12, 2000.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable condition described above to be a material weakness.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 12, 2000

VILLAGE OF EMPIRE
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	1999-31241-001
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Monthly payments were remitted by the Village to a credit card company. The credit card was in the Mayor's name and there were several charges posted to the account for which there was no supporting documentation or invoices. The total of the unsupported payments was \$807.18. Without supporting documentation or invoices, it can not be established that the charges in question were for a proper public purpose. State ex rel. McClure v Hagermann, 155 Ohio State 320 (1951) provides that expenditure made by a governmental unit should serve a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a finding for recovery is hereby issued against Terry Reese, Mayor, and the America Manufacturers Insurance Company, jointly and severally, in the amount of \$807.18 and in favor of the general fund the Village.

The Village Council should take the necessary steps to recover the monetary losses described above.

Finding Number	1999-31241-002
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Ohio Revised Code § 5705.36 provides that on or about the first day of each fiscal year, the fiscal officer of each subdivision is to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. Further, this section allows all local governments to request amended certificates of estimated resources.

The Village did not file an original or amended certificates of estimated resources for 1999 or 1998. Since appropriations are limited by the amount certified as available for each fund, Village officials cannot appropriate or expend any Village money without a certificate of estimated resources.

The Village should complete a certificate of estimated resources at the beginning of each year and file it with the County Auditor. Throughout the year, as actual receipts increase or decrease, amended certificates should be obtained so that Village officials have access to the funds available to the Village.

Finding Number	1999-31241-003
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Ohio Revised Code § 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Village did not pass an appropriation measure for 1999 or 1998. Since expenditures are limited by the appropriations established for each fund, all expenditures made by the Village for 1999 and 1998 were not in compliance with the Ohio Revised Code.

The Village should pass an appropriations measure as required so that money can be expended in compliance with Ohio Revised Code provisions.

VILLAGE OF EMPIRE
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)

Finding Number	1999-31241-004
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Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not pass an annual appropriations measure for 1999 or 1998. Therefore, all expenditures made by the Village during both years exceeded appropriations.

The Village should pass all necessary budgetary measures and monitor such measures to assure compliance with budgetary requirements.

Finding Number	1999-31241-005
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Ohio Revised Code § 733.28 requires the village clerk/treasurer to keep the books of the village, exhibit accurate statements of all monies received and expended, of all the property owned by the village, and the income derived therefore, and of all taxes and assessments.

The Clerk/Treasurer failed to keep accurate records. The appropriations ledger and receipts ledger were not maintained; the cash journal did not accurately reflect all transactions made by the Village and monthly reconciliations were not prepared. Therefore, the annual financial statements did not include all financial activity, including debt issues and payments, and did not exhibit accurate fund expenditure totals.

The Village Clerk/Treasurer should maintain accurate and complete records of all Village financial activity. Adjustments to include all financial activity of the Village were posted and are reflected in the accompanying financial statements.

Finding Number	1999-31241-006
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Ohio Revised Code § 117.38 requires cash-basis entities to file annual financial reports with the Auditor of State within 60 days of the fiscal year end.

The Village did not file annual financial reports for the years ended December 31, 1999 and December 31, 1998 until July 5, 2000.

The Village should file a copy of their annual financial report with the Auditor of State within the required time period.

Finding Number	1999-31241-007
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Ohio Administrative Code § 117-5-07 prescribes the method by which a receipts ledger should be maintained.

The Village Clerk/Treasurer did not maintain a receipts ledger during 1999 or 1998, which resulted in the Clerk/Treasurer's inability to present current financial updates to Village Council and insufficient information for the preparation of annual financial reports.

The Village Clerk/Treasurer should maintain a receipts ledger in accordance with the guidelines outlined in Ohio Administrative Code § 117-5-07.

**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

Finding Number	1999-31241-008
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Ohio Administrative Code § 117-5-11 prescribes the method by which an appropriations ledger should be maintained.

The Village Clerk/Treasurer did not maintain an appropriations ledger during 1999 or 1998, which resulted in the Clerk/Treasurer's inability to present accurate financial updates to the Council and in insufficient information for the preparation of annual financial reports.

The Village Clerk/Treasurer should maintain an appropriations ledger in accordance with the guidelines outlined in Ohio Administrative Code § 117-5-11.

Finding Number	1999-31241-009
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Monitoring Budgetary Compliance and Financial Activity

The Village Council does not monitor the budgetary compliance or the financial activity of the Village. The Council has not received financial reports on a consistent basis, therefore, current information has not been available on which decisions could be based. The lack of monitoring procedures has resulted in material violations of budgetary compliance requirements, the failure to file timely annual financial reports and the inability to make informed decisions.

The Council should take a more active role in monitoring the finances of the Village. The Council members should familiarize themselves with budgetary compliance requirements and create a calendar which specifies the due dates of various budgetary documents. The Council should also formally request that the Clerk/Treasurer present monthly financial reports at the regular council meetings. Each financial report should include, but not be limited to, budgetary comparisons of revenues and expenditures, a monthly reconciliation of the bank balances to the fund book balances, and a list of current expenditures for approval.

Implementation of these monitoring procedures will help to assure budgetary compliance and improved financial reporting.

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**VILLAGE OF EMPIRE
JEFFERSON COUNTY**

**DECEMBER 31, 1999 and 1998
SCHEDULE OF PRIOR AUDIT FINDINGS**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
96 Finding	Finding for recovery against Mayor for unsupported credit card expenditures	No	Not corrected
96-Federal-I	Overpayment of \$8,240 in FEMA funds for repair of flood gates	No	Not corrected
96-Federal-II	\$1,380 in FEMA funds received for a project which was never completed	No	Not corrected
97-31241-001	Finding for Recovery against the Mayor for unsupported credit card expenditures	No	Not corrected
97-31241-002	Ohio Revised Code Section 733.28	No	Not corrected
97-31241-003	Ohio Revised Code Section 5705.41(B)	No	Not corrected
97-31241-004	Ohio Administrative Code Section 117-5-07	No	Not corrected



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF EMPIRE

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 28, 2000**